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WAR FOOD ADMINISTRATION
Office of Marketing Services

STANDARDIZATION OF FARM PRODUCTS 1/

Reserve

A yardstick 36 inches long at Spokane and only 29 inches long at Tallahassee would be an interesting object, but not so good to measure length with. It would resemble some of our present-day commercial descriptions of the quality of farm products, which mean one thing in some localities and something else again in others. The confusion that this lack of uniformity causes among producers, distributors, and consumers would be cleared up considerably by a wider recognition and use of the national standards developed by the United States Department of Agriculture and the War Food Administration.

The official standards serve two broad purposes:

First, by setting up a common language of quality, they remove the need for a personal inspection of the products by sellers, buyers, and lenders of money. They provide a basis for the quotation of comparable market prices throughout the country. They help to settle disputes over quality. They provide a buying guide for consumers. They improve farm marketing in many other ways.

Second, they provide a solid, logical basis for the physical separation of farm products into quality groups, so that commercial needs and wants may be filled at minimum distribution costs.

Standards Are Nothing New

Standards of some kind are almost as old as commercial agriculture, but uniform national standards began in 1914 with the passage of the Cotton Futures Act. Subsequent legislation provided authority for large expansion in the standardization work of the Department of Agriculture. Today, official quality standards have been developed for nearly all important U. S. farm commodities.

National standards may be "mandatory" or "permissive." The cotton and grain standards are mandatory; no other standards may be lawfully used if the cotton or grain are sold by grade and shipped in interstate or foreign commerce. In most cases, standards for other products are permissive; that is, they are for use by the general public as a quality measure in buying and selling.

More and more producers have discovered that graded products bring higher market prices. Well-graded commodities also prevent economic and physical waste and thus reduce distribution costs. Actual separation into grades permits finding the market that gives the grower the largest return. To cooperative marketing associations grading provides a basis for pooling the products of various growers so that all who produce like quality may share alike in the season's sales.

Farm products may pass through many hands on their way from production centers to the wholesale markets. Commodity exchange transactions, telegraphic sales and sales in transit, and trading under any conditions where the buyer

1/ Excerpt from the January 1945 issue of Marketing Activities, a monthly publication of the Office of Marketing Services. (See pp. 25-30.)

cannot personally inspect the products call for clear, definite grades. In futures trading, for example, the buyer cannot choose his particular seller, but he is protected when product quality is accurately certified.

As the basis for Nation-wide market reporting, standard grades make possible an intelligible comparison of market prices between localities, and of one year with another.

Thousands of claims against carriers for losses in transit must be adjusted each year. Establishment of the value of the particular lot on which the claim is sought, often difficult, usually becomes easy when its grade can be shown.

Warehouse Receipts

Under the United States Warehouse Act, licensed warehousemen are required to use official grades on the warehouse receipts if any grade is designated and if Federal standards have been established for the particular commodity stored. A major purpose of this act was to give producers freer use of warehouse receipts as collateral for loans. Thus the banker, likely to be at some distance from the warehouse, is able through the statement of quality to judge the value to him of the products as collateral, and the producer has a quicker, surer way of obtaining the credit he needs.

Grades especially adapted for retail or consumer use have been established for a number of farm products, and foods bearing the grade names are found to a varying extent in retail stores. Interest in graded foods and in the use of official grades mounts as more and more consumers insist on knowing what they pay their money for. This is true especially of eggs and canned goods, where shells and cans prevent the housewife's appraisal of the food within them, and of such a product as fresh beef, the quality judgment of which requires considerable experience.

The usual evidence of official grading for any commodity under the standards is a certificate issued by a Federal or federally licensed inspector. This may be a written and signed certificate of grade (as for grain), a certification printed on or affixed to the container or wrapper (as for eggs and butter), or a direct imprint or stamping on the product (as for meat).

How are national standards set up? A very careful study is made of the factors that may affect the economic value or relative desirability of the particular product under consideration. Definite quality groupings called grades are then set up, with specifications or descriptions for each grade.

Before WFA formally recommends the grades, they are tested under actual commercial conditions. Sometimes the demand for grades necessitates the issuance of tentative grades based on the best information available, but these need to be studied further or tried out before they are promulgated as official standards.

One fundamental in the development of national standards is that a standard must recognize all significant quality gradations of the entire supply of a commodity. It must apply to all segments of the supply in order to form a basis for trading in all qualities of the product.

Commercial Distinctions Recognized

The grades are so defined as to recognize commercial distinctions. In general, the highest grade in a set of standards represents the quality characteristics and degrees of condition that are most sought after and that bring the highest market prices, whereas lower grades usually include inferior-quality characteristics.

A grade in a set of standards generally specifies the lower quality limits that are permissible within that grade, and it may prescribe both the lower and the upper limits. The limits for a practical grade must be broad enough to avoid unnecessary technicalities and must conform to some extent to trade practice. Consequently, a product near the bottom limit of a grade may differ somewhat in merchandising value from one at the grade's top limit. The extent to which a grade reflects the relative value of the product depends on how fully it deals with the various quality factors, on the range of quality permitted within the one grade, and on the merchandising practices followed.

It is not enough for national standards to be merely logical and scientific. They must also be practical. It might be possible to develop standards that would measure every minute variation in quality, with a large number of grades for each product, but such standards would probably be too cumbersome for practical use.

Generally, the characteristics that determine grade are tangible things like size, weight, and freedom from defects and decay. It is relatively simple to define such characteristics as these in the grades. But with some products--butter, for example--color, flavor, and body are grade-determining factors. And even though such qualities are sometimes quite difficult to measure precisely, they nevertheless must be defined in the grades in a way that will fill ordinary commercial needs.

Official standards are not hard and fast for all time. Changing marketing conditions call for adaptable standards. New equipment and methods are being devised constantly by technicians of WFA's Office of Marketing Services. Mechanical devices include an electrical apparatus for quickly determining the moisture content of grain. Other devices determine grain dockage and test weight per bushel. A method is being developed whereby an "electric eye" will measure the protein content of wheat and flour. Other devices show the color of honey, hay, cotton, and aid in determining the quality of eggs. Pressure testers indicate the maturity of apples, pears, and other fruits. Hydrometers, refractometers, and other laboratory equipment are used in grading certain processed products to determine density, sugar percentages, the relation of soluble solids to juice, the cloudiness of liquor in canned foods.

Consumer Grades

Consumer use of Federal grades received a big boost a few years ago when the Department of Agriculture began to grade and stamp beef in such a way that the grade ~~name~~ appeared on the carcass and retail cuts. Today, hundreds of thousands of cans of fruits and vegetables are labeled annually in terms of the Department's Grade A, Grade B, or Grade C. Cannery plants meet certain

strict requirements have Federal inspectors stationed in their plants during the packing season. Large quantities of commodities packed in these plants are labeled U. S. Grade A, U. S. Grade B, or U. S. Grade C. Standards are being developed for the same purpose for quick-frozen and dried fruits and vegetables. Grades especially adapted for retail or consumer use have also been established for eggs, eviscerated poultry, butter, dry beans and peas, rice, and honey.

Consumer grades for fresh fruit and vegetables are now being considered. Some of these items are being marketed in consumer packages and lend themselves to quality labeling. Some are repacked from the original packages at distributing centers, and some of the less perishable--such as potatoes--can be put up in consumer packages at the shipping point. Methods of marking these products for the benefit of consumers are being studied.

Forward-looking distributors with an eye to building good will have been keenly interested in improving their trade position by carrying facts about the quality of their products to consumers. Some packers still wish to market under brand names, which do not convey specific information. Some of these manufacturers have not adopted retail or consumer standards because they believe that such adoption might cost them their investment in advertising their brand names. Progressive processors are linking their brand names with the appropriate Federal grade names.

Among the States, standards set up by statute are far from uniform. Some States require certain products to be graded according to official State grades. Some require that produce shipped into the State be graded according to the State standards in order to protect home-grown products from competition. A number of States require grading according to United States standards and the marking of containers with correct United States grade designations. But many State laws and regulations still conflict with the United States standards and also with the grades of adjoining States.

Each year WFA conducts well-attended grading schools, exhibits, and demonstrations to bring home to the public the importance of standardization in the efficient marketing of agricultural commodities. In WFA's view, most standardization problems will be solved as soon as the public becomes better acquainted with standardization's value and use.